

ATRS Board Policy 2

BOARD OBJECTIVES

A.C.A. § 24-7-401

I. Board Financial Objectives

A. Sustain actuarial soundness. The goals are for:

1. The funded status to increase towards a 100% funded ratio.
2. The funding period to decrease to below an eighteen (18) year amortization period in order to avoid "negative amortization".
3. The funded ratio to increase and the funding period to decrease unless knowingly modified by Board action or as a result of events over which the Board has no control.
4. The actuarial methodology and economic assumptions to be comparable to other teacher retirement systems.¹

B. Manage contributions effectively. The goals are for:

1. Employer contributions to be collected and invested in a timely manner.
2. Aged receivables will be reported to the Board as requested.

C. Maximize investment returns within the bounds of prudence.

1. Asset Allocation

The Board, in conjunction with its investment consultants, shall set and adjust the System's asset allocation ranges as necessary to provide an optimal allocation to obtain its target returns.

2. Investment Return

Total Fund - Recognizing the purpose of the System is to remain actuarially sound and pay member benefits, the overall investment goal is to achieve, over a period of years, the greatest rate of return for the System with due consideration being given to preserving capital and its purchasing power and to maintain an appropriate level of risk consistent with the obligations of a prudent investor level.

D. Ensure budget credibility

The goals are for:

1. Total operating expenses (excluding investment expenses) of existing programs and services to be maintained or reduced in relation to the

latest available experience study.

2. Investment related expenses to be maintained or reduced in relation to investment assets once each asset category reaches its target allocation.
3. Proposed programs or services to have a "business plan" that includes:
 - a. A description of the need to be met.
 - b. The method by which the need will be met.
 - c. The method by which members will learn about the program or services.
 - d. Staffing requirements.
 - e. Other resources that are needed.
 - f. The method by which the programs or services will be evaluated.

II. Board Objectives for Members

- A. Promote contribution rates, benefits, and services comparable to other teacher retirement systems.¹ The goals are for:
 1. Employer contribution rates to be comparable to other teacher retirement systems.
 2. Total benefits paid to be comparable to other teacher retirement systems.
 - a. Average regular benefits paid to be comparable to other teacher retirement systems.
 - b. Average disability benefits paid to be comparable to other teacher retirement systems.
 - c. Average survivor benefits paid to be comparable to other teacher retirement systems.
 3. Age and length of service requirements for unreduced retirement benefits to be comparable to other teacher retirement systems.
 4. Plan of payment options for regular benefits to be comparable to other teacher retirement systems.
- B. Increase awareness of trust fund stewardship. The goals are for:
 1. Recent investment and actuarial reports to be provided to members through the ATRS website.
 2. A comprehensive annual financial report, or abstract thereof, to be

provided to each employer of ATRS, the Legislative Council, and the Governor [A.C.A. §§ 24-2-702 and 24-7-305(d)].

- C. Promote retirement education and communications. The goals are for:
 - 1. Special programming for new ATRS members (those with less than five years of service) to be developed and disseminated to increase awareness of ATRS and its benefits.
 - 2. The number and percentage of members participating in retirement education events sponsored by the ATRS to increase or remain the same from one year to the next.
 - 3. Printed communications from ATRS to be evaluated as well written, attractively formatted, and helpful as determined by any comments received from members targeted by the communication.

- D. Improve overall service level. The goals are for:
 - 1. The overall service level of ATRS to be at a level that promotes member satisfaction in a cost effective manner.
 - 2. The overall service level to include the following functions within ATRS:
 - a. Paying pensions
 - b. Pension inceptions
 - c. Pension estimates
 - d. Counseling
 - e. Member telephone calls
 - f. Communication
 - i. Group presentations
 - ii. Website and E-mail
 - iii. Newsletters
 - iv. Other written material
 - g. Collections
 - i. Annual member statements
 - ii. Employer services
 - h. Refunds, terminating payments
 - i. Service credit purchases
 - j. Disability pensions

k. Financial control & governance

i. The Annual Report

III. Board Governance Objectives

- A. Administer retirement laws in a timely, accurate, and consistent manner. The goals are for:
1. The average turn-around time for processing retirement applications to improve or remain the same from the previous year.
 2. Retirement benefits to be calculated accurately and consistently.
- B. Provide member benefits and services (1) at a level that promotes member satisfaction and (2) in a cost effective manner. The goals are for:
1. The satisfaction level of members regarding benefits and services to increase from one year to the next.
- C. Process improvement. The goals are for:
1. "Business critical" processes to be identified.
 2. "Business critical" processes to be analyzed and redesigned as needed.
 3. Processes to be continually reevaluated.
- D. Effectively manage new projects and initiatives. The goals are for:
1. New projects and initiatives to be undertaken with a detailed plan, including projected completion dates and resource requirements.
 2. Periodic progress reports to be made to the Board on major projects or initiatives.
- E. Promote effective communication. The goal is for:
1. Communications with the Board, members, and employees that are clear, concise, and timely.
- F. Promote knowledge-based decision-making. The goal is for:
1. Management decisions based on facts and expert opinions.

IV. Staff Learning and Growth Objectives

- A. Foster a positive, innovative work environment. The goal is for:
1. Professional and support staff to indicate a stable or more positive and innovative work environment from one year to the next.
- B. Employ and retain highly capable employees. The goals are for:
1. The average educational level of the professional and support staffs to

increase or at least remain the same from one year to the next.

2. Adjusted for current System requirements the net turnover rate of the professional and support staff to decrease or at least remain the same from one year to the next.

C. Recruit and retain a diverse work force. The goal is for:

1. The gender, race, and age of the professional and support staffs to show progress toward approximating the respective work forces in the Little Rock Metropolitan Statistical Area from one year to the next.

D. Enhance training and development opportunities. The goals are for:

1. The average number of days spent in training by the professional and support staffs to increase or at least remain the same from one year to the next.
2. The number and percentage of professional and support staff having recognized job-specific or job-related credentials to increase or at least remain the same from one year to the next.

HISTORY

Adopted: April 26, 2007 as Rule 2-1 through 2-4
Amended: February 11, 2008
Amended: December 18, 2009
Amended: June 3, 2019 as Board Policy 2
Amended: February 3, 2020

1 "Other teacher retirement systems" as used here includes those statewide retirement systems in the United States whose: (a) membership is predominately teachers, (b) members contribute to Social Security, (c) membership is within $\pm 50\%$ of ATRS, and (d) assets are within $\pm 50\%$ of ATRS.